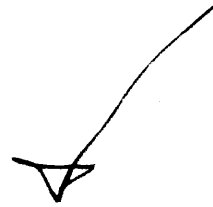


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ANALYSIS OF THE FIRST SOURCE PROGRAM
IN MINNEAPOLIS, MINNESOTA

by

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I. INTRODUCTION

THE PROGRAM

The First Source program is intended to facilitate employment of Minneapolis residents by providing a linkage between economic development and jobs for city residents. This linkage occurs when developers request city assistance in financing development projects. The city has resolved to give preference in financial assistance to developers who agree to give unemployed city residents the first chance to apply for the jobs created by development activities. A contract stating this intent is signed by the developer prior to receipt of public funding.

The program is administered by the Minneapolis Employment and Training Program (METP), which also administrates state and federal job programs for the city. Staff at METP negotiate a First Source contract with developers, which states the number and type of jobs covered under the agreement. METP staff also serve as a liason between businesses and community organizations, notifying job developers of openings so they can refer candidates to the businesses.

The Neighborhood Employment Network (NET) consists of eight communities and ten neighborhood organizations in which job developers work to promote employment opportunities for local residents.

The NETs screen job applicants according to the employers specifications and refer qualified candidates for first source jobs. Each member of the NET is an independent community agency which has assigned staff to serve as NET facilitators. The NET functions of these diverse organizations are coordinated by an administrator who operates out of the Mayor's Office.

THE STUDY

The administrator of the Neighborhood Employment Network initiated this exploratory research which attempts to provide an overall picture of the program, examines problems that exist in the program, and makes recommendations for resolving these problems. Particular attention will be paid to the following questions:

- What groups are targeted by the program?
- How is the program administrated? Is this the best way?
- Generally, is the program working as it was intended?
- Specifically, what elements of the program are problematic?
- What changes could be made to correct these problems?

A second part of this study will track First Source referrals made by NET facilitators to determine the rates at which these people are interviewed and offered jobs by participating companies, and to look at whether the individuals not hired by these companies later attain similar jobs at non-First Source companies. This related piece of research explores the possibility of a negative bias on the part of the employers which makes them less likely to hire individuals referred through the First Source program. This issue will be addressed in a separate report which will summarize the results of the tracking efforts.

METHODOLOGY

The information upon which this report is based was gathered from May through August of 1986. The findings and recommendations outlined in this report are based on a review of written materials, and interviews with First Source staff, METP staff, the NET coordinator, NET facilitators, the manager of job development of MCDA, and the employers participating in the First Source program.

II. BACKGROUND

The section that follows briefly outlines some recent demographic and economic trends in Minneapolis as published in The State of the City, 1986. The origin and objectives of the First Source program are also set forth in this section.

MINNEAPOLIS

The city of Minneapolis has a population of 362,090 (1982 Census figures). The population of the city itself has declined 25 percent since the 1960s, though the population of the metropolitan area as a whole has increased.

There has been little real growth in the work force over the past decade. Despite substantial increases in some years, the long term pattern shows that the work force (including all those who work in Minneapolis) has fluctuated between 255,800 and 273,800 over the past ten years.

From 1978 to 1983 the number of unemployed Minneapolis residents increased by over 90 percent. The unemployment rate rose from 3.8 percent in 1978 to a high of 8.2 percent in 1983. The unemployment rate has been falling since 1983 and stood at 4.2 percent in March of 1985.

The labor force of city residents is 211,700 (March 1985 data). This number includes Minneapolis residents who were employed or seeking employment. The unemployment rate varies within the city from a high of 8.7 percent in the Phillips Neighborhood to a low of 1.9 percent in the southwest area of the city. There is also a variation in the racial makeup of different neighborhoods in the city, with the minority population concentrated in areas with higher unemployment rates.

There has been a significant increase in the minority population of Minneapolis over the past twenty-five years. Between 1960 and 1980 the minority population tripled, increasing to 12.7 percent of the total city population. About 45 percent of the minority population of the metropolitan area lives in Minneapolis.

The 1984 Employment Catalogue published by the Minneapolis Community Business Employment Alliance (MCBEA), stated that in 1980, while nonwhite racial groups made up about 10 percent of the working age population, they constituted over 22 percent of the unemployed, and 11.5 percent of those not in the labor force. Each minority group was over-represented among the unemployed.

ORIGINS OF FIRST SOURCE

In 1980 the Minneapolis City Council resolved to give preference to economic development projects that agreed to provide unsubsidized employment for CETA or CETA-eligible residents of Minneapolis. This resolution came during a period of increasing unemployment and increasing population in minority groups which already had disproportionately high unemployment rates. Development in the downtown area was expected to add jobs in Minneapolis. The city wished to ensure that the jobs created through economic development efforts on the part of the city went to those who needed them the most.

The City Council created a task force in 1981 to study employment strategies. One of the concerns of this task force was to "develop an action strategy which would make available to the disadvantaged a share of the benefits from the city's planned economic development" (Report of the Minneapolis Employment and Strategy Task Force, December 1981, p.11).

In 1982 the city reorganized several existing agencies and created the Minneapolis Community Development Agency (MCDA). Among other responsibil-

ities, this agency was charged with linking economic development and jobs for residents of the city. The means chosen to do this--First Source--was modeled after a program in Portland, Oregon.

In a report to the commissioners, James Heltzer, Executive Director of the MCDA, stated that while economic development may create new jobs, "incentives to employ Minneapolis residents have not existed, and agencies with primary responsibility for placement of the economically disadvantaged have not received development information on a timely or sufficiently detailed basis" (Report to the Commissioners, November 3, 1982).

Specific objectives of the program were:

1. To provide a marketing tool for retaining and attracting employers whose locations are influenced by workforce considerations.
2. To assist employers in meeting their affirmative action and workforce objectives.
3. To create from the use of the city's resources the maximum number of jobs and earliest training opportunities for Minneapolis residents.
4. To create the maximum number of jobs and earliest training opportunities for CETA-eligible members of the city's labor force.
5. To create the maximum number of jobs and earliest training opportunities for residents of the city neighborhoods with the highest unemployed and underemployed populations.
6. To lead in the coordination of the employee identification, training and placement efforts of those agencies, institutions and programs that can provide for the needs of the employers with whom the MCDA has established agreement, and who can assist in meeting the objectives stated above.

III. IMPLEMENTATION

The First Source contract and procedures for the program closely followed those used in the Portland, Oregon program.

The procedures for application for industrial revenue bonds and other types of city assistance required a copy of the First Source Agreement or a letter of intent to cooperate as part of the application process.

Under General Terms, the MCDA First Source Agreement stated that "The MCDA wishes to assure continuing employment opportunities for economically disadvantaged city residents with employers located within the Minneapolis Metro Area."

The agreement went on to say that "The employer will make all decisions on hiring new employees but will select its employees for covered positions from among the qualified persons referred by MCDA."

A First Source contract typically included only entry level jobs. One reason for this was the perception that the community organizations did not have the resources to recruit for all levels of jobs. The manager of job development at MCDA viewed the program as a means to help long term unemployed Minneapolis residents obtain jobs, and felt that this could best be done by limiting the types of jobs covered under the agreement. Other reasons for limiting the scope of covered jobs were feelings that a broader coverage would incur resistance from the business community and, perhaps, even infringe on the rights of businesses to select their own employees.

Though covering only a few specified jobs, the original agreement required that the employer "notify the MCDA of all position vacancies which are not 'covered positions'." The agreement went on to state that "Notification shall include qualifications, the rates of pay and the anticipated hiring dates. The employer will also notify the MCDA of the dates by which qualified

applicants for management, technical and professional vacancies must be referred."

MCDA chose to work with community organizations to provide job ready applicants to businesses participating in the program. It was felt that a population of greater need could be reached through contacts with neighborhood groups. The neighborhood centers were convenient locations for residents to apply for jobs, could broaden the pool of residents reached, and could provide pre-screening services to help control the quality of job applicants referred to the employers. The community groups initially involved with First Source included the Phillips Neighborhood Improvement Association, Eastside Neighborhood Services, Minneapolis Urban League LEAP, Sabathani Community Center, and the American Indian CETA Program.

The NET facilitators were to refer qualified candidates to MCDA, who would then screen the applicants and send the most qualified people to the business for interviews. MCDA staff followed up with the businesses to verify interviews and find out the company's hiring decision.

The administration of the First Source Program was taken over by METP in January 1985 in an effort to enhance the performance of the program by consolidating it with other employment and training programs. Two MCDA employees who had worked with the program were "loaned" to METP, and continued their duties with the program.

Several changes occurred in the program at this point. Because CETA was no longer in existence, HUD Section 8 guidelines were used to determine low income status. Employers were now allowed to hire and report the number of Minneapolis residents hired, and number of low income residents hired. The implications of this change will be discussed at length in the findings.

The procedure for referring job candidates has also changed since METP began to administer the program, as have several features of the First Source contract.

IV. DESCRIPTION OF THE PRESENT PROGRAM

Staff at the Minneapolis Employment and Training Program are responsible for negotiating the First Source agreement with each participating employer, getting a description of each covered job, summarizing these and listing them in notebooks which are distributed to the NETs. They also notify the NETs of job openings via the "HOT LINE," a recorded message that the NETs can call each day for an updated listing of job openings. Until recently the program had two full time staff workers. Several months ago one of these workers was reassigned to another program, leaving one full time employee to staff the First Source program.

MCDA had originally screened the applicants referred by the NETs and chosen the best-qualified candidates to be sent for interviews. Currently, the NETs refer applicants directly to participating businesses. Modifications in this procedure were made in order to speed up and simplify the process.

First Source staff also compile a summary of hiring, as reported by participating businesses. To complete this summary the staff member uses three sources of information,

1. First Source referral cards, given to job candidates by the NET facilitators. Applicants give these cards to the employer, who is asked to fill out the bottom of the card and mail it to METP. Questions asked on this card include whether the applicant was hired or not, and if not, why.
2. Employers turn in a carbon report of all Minneapolis residents that are hired, and whether or not they are considered low income.
3. Employers are periodically sent a form asking how many covered job openings they have had, how many hired, and how many Minneapolis residents were hired for these positions. The number of covered

openings is verified with records of the positions that METP was notified of during this time period.

The NETs are responsible for calling the "Hot Line" to learn what jobs are available, to pre-screen potential applicants for the jobs according to the qualifications set by the employers, and to keep a log of referrals to First Source and other employers. They are to phone the employer to set up an interview for the applicants that they refer, and to give the individual a referral card to bring to the interview. The community agencies presently involved in the NET program are the Phillips Job Bank, C-Cope at Pillsbury United Neighborhood Services, Loring/Nicollet/Bethlehem Centers, Eastside Services, CHART at Sabathani, Neighborhood Involvement Program, West Bank Job Bank, Northside Residents Redevelopment Council, Minneapolis Urban League's L.E.A.P., and Anishinabe Council of Job Developers.

The employers are responsible for notifying First Source staff of job openings in covered positions. The present contract does not require employers to provide notification of non-covered openings, as specified in the original contract. The employers are required to cooperate with monitoring efforts by returning the First Source referral cards brought by applicants, completing a carbon form for all Minneapolis residents hired, and sending in a quarterly report.

The procedures for the First Source program are summarized below.

1. Business developer applies for city assistance with development.
2. First Source staff meet with applicant and explain program.
3. First Source contract is negotiated with the business or developer.
4. Job descriptions are written by the employer and distributed to the NETs by First Source staff.
5. Employer notifies First Source when ready to hire.
6. First Source lists job on "HOT LINE."

7. NET facilitators phone the hot line for listing of jobs.
8. NETs screen candidates according to employers specifications.
9. NET facilitators call employer to set up an interview for qualified applicants. In some cases clients apply in person or set up their own appointments.
10. NETS give applicants a referral card.
11. Employer interviews applicants.
12. Employer sends referral card to METP, stating result of interview.
13. METP compiles report from all the returned cards, which is distributed to NETs.

V. FINDINGS

Problems and issues facing the First Source Program can be divided into three broad categories: 1) issues dealing with the mission and target population of the program, 2) problems in the implementation of the program, and 3) a very loose category of problems related to attitudes and other extrinsic factors. These issues will be discussed in the following three sections.

THE PROGRAM MISSION

There appears to be a lack of agreement about the mission of the program. Is the program meant to serve Minneapolis residents in general, or a particular sub-population of city residents?

Shortly after the program was transferred to METP, the compliance measure was expanded to include hiring of all Minneapolis residents. Administrators at METP report that this change was implemented as a result of action by the City Council, and occurred because the NETs could not refer sufficient numbers of job candidates to the employers.

This change has had implications on the focus of the program. When First Source was initiated, many of those who supported the program appeared to view it as targeting a population of special need. Letters of support written prior to it's adoption illustrate this, as shown in the excerpts below.

- Duke Hamilton, executive director of the Twin Cities Opportunities Industrialization Center (TCOIC), gave his support to a policy "which would ensure job or training access to disadvantaged persons" (correspondence, October 27, 1982).
- Jane Foster, Executive Director of H.I.R.E.D., wrote to express approval of a "policy concept linking economic development projects

and preferential recruiting among organizations serving disadvantaged City of Minneapolis residents" (correspondence, October 13, 1982).

- Earl Craig, President of the Urban Coalition, supported First Source which he thought would "ensure that the long-term unemployed in our community benefit along with other city residents from the continued growth of Minneapolis" (correspondence, October 22, 1982, underlining in original).
- Donna Harris, Director of Employment and Training Programs for the City of Minneapolis, wrote in support of First Source stating that "The use of a First Source agreement ...will require that employees be made aware of the City's commitment to employment in general, and to employment of low-income residents specifically" (correspondence, October 18, 1982).

Though these letters use different names for the target group, all refer to a sub-population within the population of all Minneapolis residents.

The original contract stated that "In the event MCDA cannot refer the total number of qualified personnel requested, the EMPLOYER will be free to directly fill remaining positions for which no qualified applicants have been referred. In this event, the EMPLOYER will make best efforts to hire City of Minneapolis residents."

Again, this indicates that the employer was to first consider the applicants sent through the First Source program, and only if there were not enough referrals were they to look to the general population of Minneapolis residents.

The initial measurement used to determine compliance was the number of First Source referrals hired by the businesses. Expanding the compliance measure to include hiring of any Minneapolis resident has an impact on the focus of the program. This change appears to have been an attempt to measure

what was actually occurring in the program. Businesses were not hiring those referred through First Source to any great degree, but they were hiring Minneapolis residents, which was also an objective of the program.

The change in reporting procedure appears to provide a disincentive for employers to hire those referred through the program. Several of the employers interviewed commented that compliance with the program was quite easy, because most of the people that apply for the jobs are Minneapolis residents. If compliance is measured by the number of Minneapolis residents hired, there is no reason to consider First Source referrals more carefully than other applicants.

As James Heltzer wrote in a report to the commissioners in November of 1982, "This policy sets precedent in that it requires the employer's active involvement in meeting city objectives and establishes a mechanism more rigid than moral suasion to guide that involvement."

The advantage that this program attempted to give First Source clients is lessened. The program now appears to be targeted more towards Minneapolis residents in general than any specific group within this population.

While this may be an appropriate focus, it appears to be a point of disagreement among those involved with the program. There are some that feel the program was intended to, and should, target a subgroup of harder-to-employ Minneapolis residents. Others feel that all Minneapolis residents and low income residents are a proper focus. This should be discussed as a policy issue and the mission of the program should be made apparent to all parties involved with First Source.

PROBLEMS IN IMPLEMENTATION

First Source is a very difficult program to implement and administer. Employers often need employees quickly, necessitating the rapid transmittal of job information. The fact that eight different job developers are used for referrals complicates the process, as does the diversity of the NETs themselves and the resistance to the program often exhibited by businesses. From the beginning of the program, those responsible for administration have made attempts to streamline and improve the efficiency of First Source. Despite these efforts, substantial problems still exist in the implementation of the program. The responsibilities and procedures are not clear to all parties. Communication between the three main groups of actors is less than optimal, and accurate measurement of the program's effect is difficult. This section discusses some of the difficulties in implementing the program.

Measurement Problems

It is very hard to measure the program's impact. There is no way to reliably estimate how many individuals reported as placements are hired through the First Source program and how many are hired without ever having had any contact with the program. The figures reported in the quarterly and yearly summaries--number of Minneapolis residents and number of low income Minneapolis residents hired in covered positions--do not seem to be valid measures of the performance of the program. Neither of them is successful at measuring the effect of the program, though each for a different reason.

a. Number of Minneapolis Residents Hired

As part of an effort to monitor the employers, people reported as First Source hires were telephoned by METP employees and asked to verify that the employer had indeed hired them. Though those who were reached verified that

they had been hired, many of these individuals did not know that they were part of the First Source program. Several complained to the personnel department where they worked. In response to this, one employer now tells the people that he hires for covered positions (of which almost none are First Source referrals), that the positions are covered by a special agreement to hire city of Minneapolis residents for these positions, and that they may be contacted by the Minneapolis Employment and Training Program. These people would otherwise know nothing about the First Source program, but are counted as placements in the quarterly report. It does not seem that counting people who have had no contact with the program is a valid measure of the program's effect. There is no way of knowing how many of these individuals were hired as a result of the program.

How many of the 923 individuals reported as placements for 1985 would have gotten jobs without the program? Most NET facilitators report that they make few referrals for First Source jobs, due to frustration with the program. Many employers would hire Minneapolis residents without the program considering the location of the businesses (in Minneapolis) and the types of jobs that are covered by the agreement (entry level and often low paying). While some residents of nearby suburbs may apply for a job of this nature, it seems reasonable to state that Minneapolis residents provide a viable labor pool for jobs in Minneapolis, with or without a program such as First Source. This was supported by field interviews with the employers.

b. Number of Low Income Minneapolis Residents Hired

The determination of "low income," as reported by employers on the carbon forms sent to METP, is being made subjectively by at least some of the employers. Though some of the employers said they had an income guideline provided by METP, several employers felt that it was not legal for them to ask

prospective employees about their level of income because it had nothing to do with the job. Others felt that this type of question is an invasion of privacy. None of the employers interviewed actually asked the job candidates about their income. Methods of determining this ranged from checking low income for all hires in covered jobs, leaving the space blank, checking low income for those presently unemployed, or basing the determination on the salary of the job the person was applying for.

c. First Source Referral Cards

Though this is the most direct method of assessing program results, attempts to measure the actual number of hires attributable to the First Source program are complicated by several factors. Many times the facilitators do not give the applicant a referral card to bring to the employer. Some facilitators feel that the card identifying a person as referred by First Source can be detrimental to the individual's chances of getting hired. Only two of the facilitators reported that they regularly give referral cards to applicants.

Also, METP staff report that some employers report all hires together on the carbon forms rather than identifying First Source hires. Adding to the difficulty of measurement, some applicants forget or otherwise do not give the employer their referral card.

These factors combine to make an accurate measure of hires through First Source referral cards very difficult. First Source staff at METP do periodically compile the referral cards returned by employers, but the actual number of people referred by the NETs and hired by businesses participating in First Source may be underestimated due to the factors outlined above.

d. Summary

To summarize the problems in measurement:

1. One figure which is used to measure the results of the program, number of Minneapolis residents hired, is not a good indicator of the program's effect. Many of the individuals being counted as placements have had no contact with the program.
2. The number of low income Minneapolis residents hired, a measure which appears more relevant, is either being determined on a subjective basis or not at all by at least some of the employers. The employers interviewed expressed their unwillingness to ask job candidates about their income level, based on their perception of the question as invasive and possibly illegal.
3. An accurate count of the number of First Source hires--an indicator which would directly measure the effect of the program--depends on all parties following the procedure as initially specified. At this time this is not being done.

Communication of Job Information

Job information is presently channeled from the employer to First Source staff at METP and then to each of the NET facilitators. Comments by employers and facilitators indicate that two particular areas of concern exist in this area: timeliness and completeness of job information.

a. Timeliness

Because businesses often wish to fill positions immediately, it is important that job information be transmitted quickly and accurately from the employers to the NET facilitators. Both employers and NET facilitators felt that this timeliness is a problem with the program.

The hot line was an effort to deal with this problem. It is not clear from this study whether or not the hot line has improved the timeliness of job listings, but it is evident that the problem still exists. NET facilitators are particularly concerned with the lack of timely job information because jobs are sometimes filled by the time they can refer applicants to the employer.

b. Completeness of Job Information

A second problem area in the communication of job information is completeness of the information, particularly in the area of job hours. Information about whether a job is part time or full time, days or evenings, and number of hours per pay period does not seem to be communicated clearly among the various actors. Again, this is an area of concern to both employers and facilitators. Employers dislike interviewing applicants who are not interested in working the hours set for the open position. Some applicants are able to work only certain hours because of child care or transportation concerns, and may not apply for a particular job if the hours do not coincide with their schedule. Misunderstandings in the area of scheduling seem to occur frequently.

Additionally, the qualifications necessary for a particular job are not always clearly communicated. Telephone conversations between the facilitators and the employer can often be useful in detailing the qualifications necessary for a job.

Communication and Clarity of Program Information

There seems to be a lack of understanding about exactly how the program works, especially by employers, who may have little contact with First Source.

Staff changes at the businesses and procedural changes in the program can add to the lack of clear understanding of how First Source works.

a. The Responsibilities of the Employer

Rights, responsibilities, and procedures are not clearly understood by some of the employers, who differed in their interpretation of the program. Some employers feel that they are required to interview all referrals sent through First Source, while others interview very few. One employer expressed uncertainty as to her right to screen and hire non-First Source applicants for covered positions. The change in the compliance measure has further complicated the issue--if compliance is measured by Minneapolis residents hired, what is the role of First Source referrals.

b. The Role of the NETs

The employers also varied in their views of what the NETs are, and what the role of the NETs should be in First Source. Their comments ranged from an assertion that the NETs do the best they can with the type of clientele that they have to work with, to suggestions on how the NETs could be more helpful in screening applicants. Several employers said that the NETs could help the applicant prepare for interviews by assisting the applicant in getting references and correct dates for their job histories, or explaining about the position and its requirements. All the employers interviewed felt that pre-screening done by NETs had the potential to be helpful to them, but was not meeting their needs at present. Several employers felt that the NETs could not be expected to properly screen applicants unless they were familiar with the special needs of that type of business.

Miscellaneous

Several other issues related to program implementation should be mentioned. These include a lack of clarity in follow-up procedures, a lack of consistency and accountability within the NETs due to their loose structure, and the difficulty of dealing with non-compliance by businesses.

a. Follow-up

The responsibility for follow-up is not clearly outlined in the program and is the source of some misunderstanding. Neither METP or the NETs consistently follow-up on positions to which First Source referrals have been made. Facilitators felt that follow-up is made difficult by time constraints and because some of their clients do not have a phone number where they can consistently be reached.

b. Consistency and Accountability

These two issues are classed together because they are both related to the structure of the NET. The informal relationships that exist within the NET program have many advantages including flexibility, ease in addressing specific neighborhood characteristics, and ability to be innovative and draw on the experiences of many individuals and agencies. However, this casual structure can lead to a lack of accountability and consistency within the First Source program. NET facilitators are employees of neighborhood organizations. Their tie to the NET program is voluntary and cooperative and they are not directly accountable to the NET administrator. This can cause problems in compliance with requests and in reporting procedures. This informal structure also allows a lack of consistency between the facilitators

in their handling of the First Source program. While lack of accountability does not seem to be a major problem at this time, the lack of consistency can be confusing for employers participating in the First Source program. The flexibility that is advantageous in other ways can hinder the First Source program in its dealings with employers.

c. Dealing With Non-compliance

The First Source contract delineates a procedure of binding arbitration to be used in cases of dispute between the employer and METP. To date this mechanism has not been used, though meetings have been arranged to discuss problems with some of the employers. Non-compliance appears to be a problem with the program. Some employers seem to take the program seriously, while others disregard the First Source Agreement. Those who do not cooperate receive no sanctions, which raises the issue of fairness to those who do make an effort to honor their agreement with the city.

Reasons given by the employers for their lack of cooperation center around issues of timeliness and lack of qualified applicants. The necessity of timeliness has already been discussed elsewhere in this report. Basically, employers often want to hire someone immediately. They feel that the program does not respond quickly enough and, in fact, prevents them from responding to their employment needs on a timely basis.

Several of the employers interviewed felt that First Source does not send them a pool of qualified applicants to choose from. This will be discussed in the following section dealing with perspectives and attitudes of the actors in the program.

ISSUES OF ATTITUDE AND PERSPECTIVE

Some problems in the program appear to stem from intangible factors such as attitude and perspective. Though solutions to this type of problem are often non-existent, it is very important to acknowledge the presence of these factors, as they can greatly affect a program.

Attitudes

One of the hypotheses which led to the initiation of this research was a suspicion of bias on the part of the employers which lessens their willingness to hire individuals referred through the First Source program. Though this topic will be addressed more thoroughly in a subsequent report, some comments can be made here based on interview information.

After talking with employers and facilitators it is difficult to determine which of two differing perspectives is closer to reality. In all probability they both have elements of truth. From one perspective, some employers do appear to have a negative perception of people referred through First Source. They feel that they are less qualified than other applicants. Specific shortcomings mentioned were lack of motivation, sloppiness, inability to spell and/or write neatly, and spotty job histories. After talking with some of the employers it is not hard to imagine that at certain businesses a person referred through the program would have less of a chance of getting hired than a person off the street. A bias against program participants combined with the changes in compliance requirements could partially explain the lack of program results.

The other side, coming from some of the NET facilitators themselves, is the idea that perhaps some of the people referred to the businesses have had these characteristics and that the businesses are acting at least partly on past experience. It must be remembered that the program was originally

intended to target those who, for one reason or another, had difficulties in finding employment. These difficulties could involve inconsistent job histories, inadequate writing skills, and other characteristics mentioned by employers. Though pre-screening is done by the NETs, some facilitators felt that "inappropriate referrals" were sometimes made and unqualified people were referred to employers in the First Source program. Perhaps some of the individuals referred to businesses needed more than job search assistance in order to become competitively employed.

As in most cases of dispute, both perspectives undoubtedly have merit. Some employers may be biased against participants of the program. Some may have experienced disappointment with the type of person referred to their business through the program. Whatever the cause, the fact remains that very few of the individuals referred for covered job openings are hired by participating companies. The tracking efforts currently in progress attempt to achieve a more precise picture of how many First Source referrals get interviewed and hired.

Perspective

The varied points of view of the parties involved in First Source can have an effect on the program. The perspectives of employers and the NETs are very different. The NETs are interested in helping people get jobs, and often act as an advocate for their clients. The NETs seem to be more aware of their clients as individuals and make allowances for special circumstances in the person's life.

The goal of the employer is to hire the best qualified person for the job. Their concern is for the well-being of the business. They look at employment history, neatness of the application, grooming and other indicators of a candidate's potential to be a reliable employee. Their job is to choose

the best candidate available based on a relatively small amount of information.

The differing goals of the two groups make it difficult to meet the needs of both. However, if the program is to succeed that is exactly what needs to occur.

VI. IS THE PROGRAM MEETING ITS OBJECTIVES?

Though this research did not focus on evaluating the attainment of objectives, some mention of this should be made. Specific measurement would be difficult due to the general nature of the objectives (listed on page 5). The objectives stated at the inception of the program can be collapsed into three categories--those that deal with the needs of employers, the needs of city residents, and a coordination goal.

The objectives that relate to employers--providing a marketing tool to attract employers and assisting employers with their work force and affirmative action objectives--do not appear to have been met to any great degree. Though actual measurements were not made, a cursory glance gives no indication that the program has acted as a marketing tool to attract employers to Minneapolis. The businesses do not appear to be overly enthusiastic about First Source, which may say something about its use as a marketing tool. The employers who were interviewed indicated that the program had the potential to be helpful as an additional source of recruiting, but that they did not find it helpful in actuality.

The program seems to have come closer to meeting objectives related to the employment needs of Minneapolis residents: maximizing jobs for Minneapolis residents, CETA-eligible persons, and residents of neighborhoods with high unemployment and underemployment.

Use of the Neighborhood Employment Network has disseminated job information to residents in neighborhoods with high unemployment who may not have had access to this job information otherwise. Minneapolis residents, as a whole, have captured a high percentage of the jobs created by development. As discussed previously, measuring the number of low-income residents hired is

not a reliable estimate of the program's effect. The goal of maximizing employment for CETA-eligible people cannot be evaluated using these figures.

The last objective was to lead in the coordination between agencies providing job candidates to employers in the program. This objective preceeded the formation of the NET and is not applicable at present because the NETs have their own system of coordination.

VII. RECOMMENDATIONS/OPTIONS FOR CHANGE

In a search for ways to improve the First Source program, an assessment of strengths and weaknesses seems to be more valuable than a detailed evaluation of the objectives. These positive and negative points of the program can provide a basis upon which to make suggestions for change. A summary of positive points is presented below, followed by a summary of problems, and recommendations which address these problems. Lastly, three alternative models of First Source programs are presented along with the strengths and weaknesses of each.

STRENGTHS AND WEAKNESSES

The concept of First Source has many strengths that should be considered when looking at the program. Any changes in First Source should build on these strengths. Some positive points of the program and concept are listed below.

1. The concept of linking economic development to jobs and encouraging employers to help with employment goals of the city is sound. When developers ask for financial assistance from the city, the city has a right to request cooperation in return.
2. The city has a "captive audience" when businesses request money for development. This is a good time to promote city programs and objectives. The First Source program makes use of this opportunity.
3. The use of NET allows for a thorough recruiting effort which reaches individuals from neighborhoods who might otherwise not be reached. It not only increases the access of individuals to job information, but increases the pool of potential applicants.

4. In many cases NETs have been able to develop good working relationships with employers in their neighborhoods. Examples of this are in the Phillips Neighborhood, where a steering committee for the agency has representatives of the larger employers active in working with the Job Bank. Another example is the success of the Neighborhood Involvement Program in providing individual assistance to the recruiting efforts of two neighborhood businesses. The agency provided a tangible service to the businesses and attained a number of placements for neighborhood residents. (This was a voluntary linkage on the part of the businesses, neither of which was a First Source participant.)
5. First Source increases the number of job listings to which NETs have access. The degree to which individual NETs depend on this as a source of jobs varies, but several NETs reported that First Source jobs provide a substantial number of their listings. One facilitator noted that this had been especially important when she first began in the job before relationships with neighborhood businesses had been developed.
6. First Source offers businesses an additional recruiting source. Most businesses are glad to increase their access to potential job applicants, especially through a service which is provided at no cost.
7. Some businesses seem committed to the idea of First Source. Despite the lack of sanctions for non-compliance and the measure of compliance that requires only hiring of Minneapolis residents, there are businesses that comply with the intent of the program and attempt to choose their employees from candidates referred through First Source.

Any changes made to the program should incorporate these strengths as well as consider ways to address the issues that follow. After each problem statement is stated, one or more possible responses to that problem are listed.

Weaknesses

1. There is a great deal of frustration with the program on the part of both employers and NETs.
 - Enhance the feeling of "starting over" in implementing any program changes.
 - Explain any changes that are made to businesses, individually if possible. Discuss areas that have been problems and explain how the program will be improved to deal with these problems.
 - Suggestions on how to improve communication can also be helpful in this area (listed after number 8).
2. The program begins on an adversarial note when businesses are told they must participate and the contract is "negotiated" add to this adversarial model.
 - Present the program as a service that the city provides to employers. Market it as a recruiting tool offered to businesses free of charge.
 - Encourage First Source employees and NETs to perceive the participating businesses as clients to whom they attempt to provide satisfactory services. A positive relationship with employers will enable facilitators to be of more help to individuals who are seeking employment.
 - Consider marketing the program on a voluntary basis, emphasizing cooperation. Businesses that are active in the

program despite the lack of enforcement may have also participated on a voluntary basis. Requiring the agreement does not appear to have elicited participation by those who are not interested. Perhaps efforts could be made to publicize those businesses that cooperate, adding an additional marketing tool for use in promoting the program.

3. The program is difficult to implement. Despite all the efforts that have been made there are still substantial problems in the administration of the program.

- Ensure that the means used to measure the program's effect is consistent with the target population of the program: choose a relevant measure. If the target group is low income residents, realize that businesses are not willing to ask information about income status.
- Initiate a process of checking for duplicates in reported hires in order to more accurately measure program results.
- Improve follow-up by clearly indicating who is responsible for this function.
- Encourage employers to make constructive comments on the First Source referral cards as to why the individual was not hired, rather than simply stating "hired another applicant" or "application retained."
- Develop screening criteria for the NETs to use as guidelines in referring applicants to businesses. Some clients may need additional assistance before they are ready to seek competitive employment and will benefit from referrals to other services. These guidelines will provide some consistency, giving

businesses an idea of what to expect from a First Source referral.

- Periodically update the book of job descriptions.
- Encourage employers to transmit specific information on job hours and full time versus part time status. Clearly communicate this information to the NET facilitators.
- Encourage use of telephone communication between all parties involved to clarify job information, increase the amount of contact between facilitators and employers.

4. The NETS often do not receive notification of job openings in time for them to screen and refer candidates.

- Consider asking employers to notify NET facilitators directly when they have job openings. Make this easy for the employer by providing a short form to be mailed to the NETs. Detailed information would be listed in the job description notebook and telephone conversations could be used if further clarification is necessary.

5. At least some of the employers feel that applicants who come through the program are less qualified than other applicants. These employers may be less likely to hire an applicant referred through First Source than other applicants.

- Most of the possible responses listed in this section would work to improve relations with employers, streamline the administration of the program, and ensure that qualified candidates are referred. These would all seem to be important factors in enhancing employers' perception of the program.

6. It does not appear that First Source is giving disadvantaged Minneapolis residents an "edge" in applying for jobs created by

economic development. Though required to participate, many businesses do not notify First Source of their job openings or give preferential consideration to applicants referred through the program.

- If the program is to focus on a particular group of Minneapolis residents, First Source should either be strictly enforced or else simply offered on a voluntary basis. Strict enforcement would be necessary to ensure that businesses who were reluctant to participate were actively following the intent of the program. If offered on a voluntary basis, the commitment of the employers would be to consider First Source referrals before other applicants.

7. There is some confusion as to the responsibilities and rights of the parties involved in the program.

- Clearly outline the mission, procedures, rights and responsibilities of each group of actors and disseminate this information to parties involved in the program.

8. At times, there is a lack of communication and understanding between the parties involved in the program.

- Involve representatives of each group of actors in suggesting program procedures, solving problems, developing ways to facilitate communication between all parties.
- Place a priority on developing amicable relationships between NET facilitators and employers. Possible methods include arranging gatherings that would allow these parties to meet personally, organizing a job fair where businesses could disseminate information about employment in their business, compiling a booklet of information about each business--

including a description, providing information about what the employer particularly looks for in potential candidates and other information of interest. (Perhaps each facilitator could gather the information about businesses in their neighborhood, providing an occasion for them to meet personally.)

- Develop and market incentives for business participation. Possible methods include recognition (in the media if possible) of those who actively participate in the program, actively selling the advantages of increased access to recruiting sources and pre-screening.
- Attempt to develop a commitment to the program on the part of businesses. Involve upper management as well as those who do the hiring. Emphasize aspects that would help the employers feel like they had "joined" an organized effort. A monthly newsletter, periodic meetings or social events might assist in this area.

9. The positions covered by the First Source agreement tend to be the lower paying jobs at each company.

- Require businesses to provide notification of all job openings, as stated in the original contract.

10. A strategy to link First Source to training opportunities has not been fully developed. One objective of the program is to provide "earliest training opportunities" for Minneapolis residents. With a few exceptions, training has not been utilized within the constructs of the program.

- Devise a strategy to emphasize training within the program. Work with employers to determine what types of training would prepare individuals for anticipated job openings. Provide

training for those applicants chosen by the employer. Ask the employer for a commitment to hire individuals trained to their specifications.

Besides changes in the implementation of the program, a discussion of alternative models for the First Source program may be helpful. Many of the changes outlined above could be implemented within any of the structures suggested below.

ALTERNATIVES FOR FIRST SOURCE

Three different directions that the program could take are outlined below along with some of their possible advantages and disadvantages. This listing is not all-encompassing but can provide a starting point for discussion of alternatives to the present program.

1. Target on "Hard to Employ" Minneapolis Residents.

Strictly enforce the intent of the program. Keeping the same basic structure, integrate some of the suggestions presented above to alleviate some of the problem areas in the program. Clarify the responsibilities and rights of each party involved with the program. Set screening criteria to assist NETs in meeting the needs of the employers. Devote resources to marketing the program in a positive light to employers participating in the program and facilitating communications between NETs and these businesses. Monitor business participation carefully and create sanctions for non-compliance.

a. Positive Aspects

- Reflects the original intention of program, focusing on those who need the most help in finding a job.

- May increase the number of hard-to-employ who find jobs through the program.
- Places some community responsibility on businesses.

b. Disadvantages

- Business resistance and lack of cooperation can negate the benefits.
- The monitoring and enforcement necessary to ensure participation emphasize the required nature of the program.
- Needs more administrative time due to increased monitoring efforts.
- Administrative time spent in somewhat negative manner (monitoring and enforcing) rather than on positive aspects of program (marketing as service to businesses).
- Reinforces employers' perception of NET clientele as hard to employ which may hinder other NET clients who are seeking jobs.
- Past negative experiences linger and may affect program results.
- Needs a great deal of commitment to change on the part of all involved.

2. Require Businesses Only to Report Job Openings

This model requires businesses to notify METP and the NETs when a job opening occurs in any position at the company. The idea of covered positions is dropped, as is most of the administrative structure of the program. Applicants referred by the NETs would be competing for jobs with no promise of an interview or preferential treatment.

a. Positive Aspects

- Increased number of job listings for NETs to work with.
- NETs gain access to higher paying job listings.

- Compliance may improve by lessening the requirements for businesses.
- The image of the NETs would be positively affected; the perception that NETs deal mostly with hard to employ clients may be hindering the NETs' efforts to place neighborhood residents.
- Easy to administer. Much of the structure now in place could be dropped, freeing staff for other duties.
- NET clients would not be singled out from other applicants when they apply for jobs.
- Would increase timeliness of job listings; notification could go directly to NETs.

b. Disadvantages

- May not help those most in need of assistance in finding a job (major disadvantage). Not directly targeted at subpopulation of need in Minneapolis.
- Releases businesses of responsibility to hire the hard to employ.
- Weaker linkage between businesses getting money for development and jobs for disadvantaged city residents.

3. Elements of Both 1. and 2.

Require businesses to list all job openings with NETs and the city. Drop all other present requirements and add one or both of the following components:

- Develop a voluntary First Source program which targets the hard to employ and emphasizes a person's ability to do the job rather than seeking the employee with the most credentials. Use the "captive audience" as an opportunity to sell this program. Use suggestions in previous section to create enthusiasm and commitment to program.

Encourage employers to use NETs for initial mass hiring in particular. Emphasize positive aspects of program, such as an additional recruiting resource for employers. Sell job developers as people who can individually assist them with their hiring needs.

- Require employers to agree to use NETs for initial mass hiring when development is finished. This maintains a commitment to a targeted group of Minneapolis residents while greatly simplifying the program. Concentrating on the mass hirings can give job developers access to the greatest number of job listings with the least amount of time and resources. The need for reporting and monitoring will be kept to a minimum. At the initial hirings employers will not have had previous experience with the program decreasing the likelihood of past negative experiences affecting cooperation. NETs will have the opportunity (and incentive) to develop working relationships with the businesses so they will voluntarily use the NETs as a hiring resource in the future.

With any combination of components, list openings at all NETs but emphasize the contact with neighborhood job developer. NETs should be encouraged to establish relationships with neighborhood businesses participating in the First Source program.

a. Positive Aspects

- Builds on positive aspects of First Source program.
- Maintains a commitment to assist the hard to employ in finding jobs.
- Can serve as an effective recruiting source for businesses.
- Increases the number of job listings for NETs.
- NETs gain access to higher paying job listings.

- The voluntary component uses the access to a "captive audience" to sell voluntary participation in a program targeted at the hard to employ. Those who have biases seem less likely to use the program anyway, as evidenced by the present program.
- Provides an opportunity to "start over again," possibly eradicating some of the negative feelings about program. Businesses currently participating in the program that are past the point of mass hiring could be visited individually with information about the changes and encouraged to participate in the voluntary program.
- NETs can market their services as not-for-profit employment agencies which have no cost to employers or applicants and give the employers access to a large pool of applicants.
- Linkages with neighborhood can be encouraged.
- Means for targeting the hard to employ--First Source--already in place. Can greatly simplify existing administrative structure.
- Administrative efforts can concentrate on activities designed to enhance participation rather than monitoring and compliance.

b. Disadvantages

- In the voluntary program participation is very dependent on the way the program is marketed. Keeping the employers committed to maintaining good relations is imperative, requiring different skills on the part of program staff than have been necessary in the past.
- There is no way of knowing how many businesses will participate voluntarily. Requiring businesses to use NETs for the initial hiring would mitigate this concern.
- Applicants referred by the NETs would not be considered preferentially for openings.

The suggestions contained in this report can be used to make adjustments in the First Source program, ranging from "fine-tuning" to a major revamping of the program. It is hoped that they will be helpful at whatever level of change is decided upon.

VIII. CONCLUSION

Decisions about changes in the program necessarily reflect many factors other than those considered in this document. The goal of this report has been to point out areas of the program which could benefit from change and to provide a basis for discussion among those responsible for decision-making in this area.

Many of the recommendations set forth in this paper were suggested during the course of the interviews with NET facilitators, employers and others who participated in this effort. The insights contributed by these people were instrumental in the development of this report.

APPENDIX A

LIST OF INTERVIEWS

Employers

Guy Lowry
Rainbow Foods

Sue Davies
Miller Davies

Julie Ditzler
Nile Health Care

Karen Finney
Mount Sinai Hospital

Diana Burns
Walker Methodist

Ellen Ponds
DC Sales

Ryan Reisdorfer
Metropolitan Medical Center

NET Facilitators

Carl Griffin, Reba Bicott, Thomas Nance
C-Cope, Pillsbury United Neighborhood Services Inc.

Debbi Whitefeather
Phillips Job Bank

Bill Alleksaht, Ralph Crenshaw
Loring/Nicollet/Bethlehem

Brad Turner
Eastside Services

Sandy Green
Neighborhood Involvement Program

Jackie Alfonso
West Bank Job Bank

Yolanda Williams
Northside Residents Redevelopment Council Inc.

Wilma Mason, Frances Oakgrove
Anishinabe Council of Job Developers

Other

Mike Brinda
Neighborhood Employment Network

Chip Wells, Kathy Wallace, Avis Poupart
Minneapolis Employment and Training

Jack Kryst
Minneapolis Community Development Corporation